

**Ford Human Rights Code of Basic Working Conditions
Sao Bernardo Plant
FINAL 6-3-10**

Background

In May 2003 at the Centennial Shareholders meeting, Ford Motor Company announced the development of Ford's Code of Basic Working Conditions as part of its commitment to corporate citizenship and making the world a better place. The plan is to make Ford a leader in human rights practices and to differentiate the company on social issues for potential business benefits (see attachment for a copy of the Code).

In early 2008, Ford joined the United Nations Global Compact (UNGC), a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. This action reinforces our commitment to outstanding performance and transparency in these areas.

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2010, the Social Sustainability Manager-- with input from the Ford Motor Company International Labor Affairs and the Purchasing Strategy team-- selected sites based on supply chain impact, emerging issues, plant employee representation and the views of thought-leaders, non-government organizations and human rights activists. Site selection was also determined by the exploration of new business opportunities and further advancement of sustainability efforts where Company trustworthiness and community credibility were considered critical to achieve high standards.

The Sao Bernardo Plant, located in São Bernardo do Campo, Brazil, assembles Ka, Courier, Cargo and F-series. Presently, the plant employs 4,500 people, 3,300 hourly and 1,200 salaried. The 13,613,144 Ft² square foot facility is able to produce about 114,000 cars - 32,000 trucks and 10,000,000 hits in stamping area

The Assessment Process

Step 1: Prior to the Assessment:

David Berdish, Manager of Social Sustainability sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter to explaining:

- Background, descriptions, commitments and the expectations of the assessment (explicitly stating desire not to replicate but to ensure consistency across all operations)
- A streamlined pre-assessment checklist, focused on gathering information regarding management systems and past compliance issues at the facility.

On February 25, 2010, Mr. Berdish sent interview questions to Mr. Huerta. Interview questions centered around 1) Whether the documents were the best for verifying the Code and if they were easily accessible; 2) Whether plant management saw value in conducting the human rights assessment given that Ford already audits many practices covered by the Code through existing means; and 3) How Social Sustainability could best conduct the assessment without burdening facilities with additional work.

The interviews confirmed that the documentation is the appropriate documentation for verifying compliance with the Code.

A summary of the interview questions and answers are as follows:

1. In your opinion, what is the greatest value-add of conducting human rights assessments at Ford's owned and operated facilities?

The human rights assessments reinforce and make sure that all conditions related to this subject *are followed by Ford facilities, as well as enhance the Co. image and making the world a better place.*

2. When you look at the code, and imagine using it to assess current practice at Ford facilities, what are the greatest areas of non-compliance that you might predict? How do you think management, workers and employee representatives at Ford facilities will view these assessments?

The Ford policies and Brazilian laws do not allow anyone to be in non conformance with Human Rights. If there was any action to be improved, it would be improve the control of GSR's work hours as made by hourly people in order to assure compliance with bank of hour's agreement and current legislation.

3. To help us understand any unique conditions at your facility, please describe how you meet each of the nine facets of the Code of Basic Working Conditions. Please speak to the policy/law that you follow and the process you use to ensure that the policy is being correctly implemented.

- Child Labor: We do not hire children or workers under 18 years old (only exception, apprentices from 16 years old who are hired due to an obligation decreed by Brazilian law. There are two other social programs as follow:
 - Patrulheiro: This is a social program involving teenagers (from 16 years old) from needy communities in order to insert, develop and create opportunity in the work market. This program was created by a non-profit organization and it is a common practice in the most of industries in the region;
 - Jovem Cidadão This program is based on São Paulo state law that stimulates Companies hiring teenagers (from 16 years old) to insert, develop and create opportunity in the work market.
- Compensation: In Brazil, there is a Minimum Wage law decreed by the government. No worker at Ford facilities is below this minimum wage. The Ford Compensation (wages and benefits) policy keeps wages in line with the market.
- Forced Labor: Forced Labor is prohibited by Brazilian Constitution. Ford recruits its workers thru a systemic selection process. No forced labor is allowed at Ford facilities.
- Freedom of Association and Collective Bargaining: Yearly a Collective Agreement involving economic and social matters is negotiated and signed by Automakers and ABC metalworkers Union. SBC plant is in compliance with this Collective Agreement. The Brazilian law establishes that the worker can associate to the category of Union that represents them, so Ford employees only can associate to Metalworkers category.
- Harassment and Discrimination: Harassment and discrimination is not tolerated as stated in our policies and Brazilian law. There is a periodic communication process, thru internal communication, informing the employees about the policy related to Harassment and Discrimination, as well as the Hotline number to report any unusual conduct, including these kinds of issues.
- Health and Safety and Environmental: There are Health, Safety and Environmental policies and procedures based on SHARP and Brazilian Laws. The SBC compliance is validated through periodic audits (local and corporate).
- Work Hours: The Brazilian law regulates the work pattern based on 44 hours/week and 8 hours/day in a regular basis. Also the law allows the Companies negotiate the work pattern with Union to reduce or increase the work hours. SBC plant has an agreement with Union that establishes the regular work pattern to 40 hours/week and according to Co. needs reduce it to 35h 12 min /week or increase to 44hs/week thru a bank of hours (credit or debit based on the work standard).Our access controls allow us to track work hours on workers and it has been verified by sampling.
- Bribery and Corruption: Corporate policies on these regards are permanently communicated to our employees. Training on these issues is given to employees on a regular basis. Also these kinds of practices are prohibited by Brazilian law.

- Community Engagement & Indigenous Populations: We have implemented some social responsibility programs and encourage employees to participate (donating) food, clothes, blanket, personal hygiene, etc. Also, we have a Viva Bem Program focused on employees, where subjects including tobacco, vaccines, drugs, sexually transmittable diseases, etc.

4. Where are documents housed?

The documents are housed as follow:

- Intranet
- Collective Agreement
- National laws

Policies are periodically communicated to our employees through our internal communication.

5. What would you suggest is most important for Social Sustainability to keep in mind in order to make this effort successful (both in terms of gathering information and creating a sense of partnership and shared purpose with the facilities)?

Demonstrate to whole organization that Social Sustainability is one important value added to Ford Motor Company. Clarify that it is part of One Ford mindset that should be more communicated to Ford population (employees, suppliers, customers, dealers, etc.)

Step 2: Site Visit

Based on this assessment it is evident that is compliant with the Code of Basic Working Conditions and that robust processes are in place to monitor the situation. The concern for GSR hours worked is similar to salaried workers around the globe—and work/life balance is a priority issue based on the Ford Motor Company PULSE survey. There is no need for a specific trip to Sao Bernardo for an on-site assessment by Sustainability & Environmental Policy. If the Social Sustainability Manager is in Brazil, he may connect with the Human Resources Manager.

Step 3: Leadership

Please describe leadership in environmental initiatives.

- Paint Actions:
 - Construction of the water reservoir called "Piscinão" inside the plant SBC to support the capacity of the river called "Ribeirão dos Couros" ;
 - Installation of the new equipment in the Paint to eliminate until 99% of the gases;
- Educations Meetings :
 - The Ford promoted a meeting with volunteers of the MOVA Program (Movimento de Alfabetização do Sindicato dos Metalurgicos do ABC) about environmental actions.
- Employees Training:
 - The Ford promoted training to employees about environmental subjects. Main subjects: Environmental Low; Training of the auditors; environmental policies.
- Climate Changes:
 - The Ford is a member of the GHG Protocol (Greenhouse Gas Protocol). This group was created by Kyoto Protocol.

Please describe leadership in community initiatives.

- Education:
 - The Company promotes the community initiatives below. Mains subjects: ALFASOL Program (Alfabetização Solidária); MOVA Program; Training for children; Training for community about informatica; The Ford makes donation to schools (Senai);
- Health:
 - Ford Odontomovel Truck, since 2000 this program is sponsored by Ford Motor Company.
- Volunteers Support:
 - The Ford support all actions made by employees that are volunteers. All plants have the "Comitê da Cidadania" that organizes social actions.

Conclusions

The next steps include the release of this report to global manufacturing and then further dialogue with ICCR and/or other Human Rights stakeholders on most value-added follow-up. This report will be published in our website:

<http://www.ford.com/go/sustainability>